

## Volunteer Tax Alert 2012-04 March 8, 2012

### Form 8880- Credit for Qualified Retirement Savings Contributions

**Concern:** Volunteers should determine if a taxpayer is eligible for the Credit for Qualified Retirement Savings Contributions. This credit is also known as the Savers Credit.

Taxpayers may be eligible for this credit if they:

- Made contributions or elective deferrals to an IRA or other qualified plan (see below),
- Have AGI of \$28,250 or less (\$42,375 if head of household, \$56,500 if married filing jointly), and
- Were born before January 2, 1994, were not claimed as a dependent on someone else's tax return, and were not students during 2011 (See Publication 17 for the definition of a student)

#### **Important Reminders:**

- To be entitled to the credit, contributions to the plan are generally elective or voluntary. Eligible contributions include:
    - Contributions (other than rollover contributions) to a traditional or Roth IRA
    - Elective deferrals to a 401(k) or 403(b) plan (including designated Roth contributions), a governmental 457 plan, SEP, or SIMPLE plan
    - Voluntary employee contributions to a qualified retirement plan as defined in section 4974(c) (including the federal Thrift Savings Plan), or
    - Contributions to a 501(c)(18)(D) plan
- These amounts may be shown in box 12 of Form W-2. A description of the codes used in box 12 can be found in the instructions for employee included with Form W-2, or in the Instructions for Forms W-2 and W-3.*
- When using software, be sure to enter all amounts from the paper W-2. If preparing a paper return, volunteers must manually compute this credit.
  - Contributions to traditional or Roth IRAs may not appear on any tax document. Review Form 13614-C and ask taxpayers if they made any IRA contributions.
  - Generally, when figuring this credit, the amount of distributions from retirement plans is subtracted from the contributions made. This applies to distributions received in 2009, 2010, 2011, and the period after the end of 2011 but before the due date, including extensions, for filing the return. See the Form 8880 instructions for a list of distributions that do not need to be included.

#### **For more information, refer to:**

- Form 8880, *Credit for Qualified Retirement Savings Contributions*
- Publication 4012, *VITA/TCE Volunteer Resource Guide*
- Publication 17, *Your Federal Income Tax*, or
- The VITA hotline at 1-800-829-8482

If you have any questions, please discuss them with your site coordinator, contact your local IRS SPEC relationship manager, or e-mail [partner@irs.gov](mailto:partner@irs.gov).

Thank you for volunteering to serve your community and for your  
dedication to providing top QUALITY service!